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MEMORANDUM

TO: The Honorable Tom George, Chair and Members
Senate Health Policy Committee

FROM: Eric J. Schneidewind, State President
AARP

DATE: May 19, 2009

RE: Health Care Reform Legislation

For the first time, the Michigan Legislature can choose between two systems of healthcare for individuals.

A. The current system.

1. 1.2 million Uninsured. Over \$2 billion of hospital care is now uncompensated and is spread by hospitals over the providers serving customers who do pay for healthcare. The cost: \$1,000 per Michigan family.
2. Most of this care is rendered in hospitals and emergency rooms.
3. No delivery of preventive care, preventive medications, wellness or other approaches that could reduce costs.
4. Services are rendered in the most expensive setting without coordination between providers, duplication of medications and repetition of administrative claims forms costs.
5. Now each family in Michigan buying healthcare insurance pays for uncompensated care in a system where it is easier to get thousands of dollars of care in an emergency room than hundreds of dollars of preventive care in a clinic or doctor's office. **NO WONDER IN MICHIGAN HEALTHCARE CONTRIBUTES MORE COSTS TO A CAR THAN STEEL.**

B. The Senate package of legislation.

1. Delivers healthcare in the lowest cost setting using wellness, prevention, incentives for healthy behavior.
2. Encourages creation of a medical home to coordinate care for individuals, reduce duplication and focus on low cost treatment.
3. Participants pay what they can each month instead of paying nothing and then incurring a bill that they cannot possibly pay.
4. Federal funding sources can be used to pay for proposed healthcare services in large part.
5. The result of this approach is that we can:
 - a. Reduce the \$1,000 per family uncompensated care hidden tax on our businesses and families.
 - b. Restore financial health for healthcare providers: hospitals and primary care physicians.
 - c. Our citizens will be healthier and happier.

**THIS IS A PLAN THAT PUTS MICHIGAN AND ITS CITIZENS ON THE
PATH TO FINANCIAL SOLVENCY AND BETTER HEALTH.**